

## 15th Annual Report



**INDO ASIAN FINANCE LTD**



## INDO ASIAN FINANCE LTD

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### BOARD OF DIRECTORS

PADAM J CHALLANI  
Chairman

M. PRAKASHCHAND JAIN, M.M.S.  
Managing Director

R.J. ANANDMUL

R.J. JAYANTILAL

M. KISHANCHAND

MAHENDAR A CHALLANI  
Executive Director

### CHIEF EXECUTIVE

S.B. CHANDRASEKKAR

### BANKERS

Canara Bank

Indian Overseas Bank

Punjab National Bank

Punjab & Sind Bank

Indian Bank

Allahabad Bank

United Bank of India

Bank of Baroda

UCO Bank

### AUDITORS

VISWA BALA ASSOCIATES  
Chartered Accountants  
Chennai - 600 028.

### REGISTERED OFFICE

No.15, New Giri Road  
T. Nagar, Chennai - 600 017  
Tel.: 2823 0002 / Fax: 2824 0459

### REGISTRAR & SHARE TRANSFER AGENT

M/s. Cameo Corporate Services Limited  
'Subramanian Building'  
No.1, Club House Road, Chennai - 600 002  
Tel.: 2846 0390 / Fax: 2846 0129



## INDO ASIAN FINANCE LTD

### NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of INDO ASIAN FINANCE LIMITED will be held on Monday, the 19<sup>th</sup> September, 2005 at Sri Rajasthan Jain Samaj, Jain Bhavan, 66, Thiagaraya Road, T.Nagar, Chennai 600 017 at 10.00 A.M. to transact the following business:

#### ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2005 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31<sup>st</sup> March, 2005.
3. To appoint a Director in place of Shri Padam J Challani, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri R J Jayantilal, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri M Kishanchand who retires by rotation, and being eligible, offers himself for reappointment.

#### SPECIAL BUSINESS

6. Appointment of Statutory Auditors

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s A Krishnamoorthy & Co., be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, in place of the retiring Auditors, M/s Viswa Bala Associates, to examine and audit the accounts of the Company for the financial year 2005-06, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors."

7. Appointment of relative to an office

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED that subject to the provisions of Section 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956 approval of the Company be and is hereby accorded to the appointment of Mr Ajeeth P Challani as Executive – Systems of the Company on a pay scale of Rs. 18000-2000-28000 with effect from 1.1.2005 for a period of 5 years."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that Mr Mahendar A Challani, who was appointed as Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received



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a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation."

9. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and such other approvals as may be necessary, consent of the members be and is hereby accorded to the appointment of Mr Mahendar A Challani as Executive Director of the Company for a period of five years from 01.08.2005 to 31.07.2010 on a monthly remuneration of Rs.15,000."

### Registered Office

No.15, New Gili Road  
T. Nagar, Chennai - 600 017  
25th June, 2005

By Order of the Board  
For **INDO ASIAN FINANCE LTD**

**PADAM J CHALLANI**  
Chairman

### NOTES

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under items Nos.6, 7, 8 and 9 and the relevant details in respect of 3, 4, 5 and 8 above, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.
2. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such a proxy need not be a member of the Company.**
3. Members desirous of getting any information in respect of the Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the Meeting so that the required information can be made available at the Meeting.
4. The instrument appointing a proxy should be deposited at the Corporate Office of the Company not less than 48 hours before the Meeting.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 5th September, 2005 to 19th September, 2005 (both days inclusive).
6. Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd (CDSL), the Company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion / change of bank details already printed on dividend warrants as per information received from the concerned depositories. In this regard, Members should contact their Depository Participant (DP) and furnish particulars of any changes desired by them.



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7. In terms of SEBI Circular dated 27<sup>th</sup> December, 2002, M/s. Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai 600 002, have been appointed Registrar and Share Transfer Agent for both physical and demat shares. The shareholders are requested to send all correspondences to the address of the Registrar.
8. At this Annual General Meeting, M/s. Padam J Challani, R J Jayantilal and M Kishanchand, retire by rotation and being eligible, offer themselves for reappointment.

As per Clause 49 of the Listing Agreement with the Stock Exchanges a brief background, functional expertise of the Directors proposed for appointment/reappointment are annexed.

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**

#### **ITEM NO.6**

##### **ORDINARY RESOLUTION**

M/s Viswa Bala Associates, the existing Statutory Auditors of the Company, have expressed their unwillingness to continue the audit work of your Company, in view of their other commitments.

In view of the above and based on the recommendations of the Audit Committee, the Board of Directors has, at its meeting held on 25<sup>th</sup> June, 2005 proposed the appointment of M/s A Krishnamoorthy & Co. as the Statutory Auditors in place of M/s Viswa Bala Associates for the financial year 2005-06.

The Company has received a special notice from a member of the company in terms of the provisions of the act, signifying his intention to propose the appointment of M/s A Krishnamoorthy & Co. as the Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. M/s A Krishnamoorthy & Co. have also expressed their willingness to act as Auditors of the Company, if appointed and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Act.

The members approval is being sought for the appointment of M/s A Krishnamoorthy & Co. as the Statutory Auditors and to authorize the Board of Directors on the recommendation of the Audit Committee, to determine the remuneration payable to the Auditors.

The Directors commend the resolution for acceptance by the Members.

None of the Directors is in any way concerned or interested in this resolution.

#### **ITEM NO.7**

Mr Ajeeth P Challani is an Engineering graduate and had also completed his M S from Wichita University, USA. He has great interest and aptitude for systems.

In view of the above, the Board of Directors in its meeting held on 28.01.2005 had decided to appoint him as Executive-Systems in the Company with effect from 1<sup>st</sup> January, 2005 for a



## INDO ASIAN FINANCE LTD

period of 5 years subject to approval of the members on the remuneration/scale stated in the Special Resolution.

The members' approval is being sought for the appointment of Mr Ajeeth P Challani as Executive – Systems in the Company on the remuneration as set out in the Special Resolution.

The Directors commend the resolution for acceptance by the Members.

M/s Padam J Challani, R J Anandmul and R J Jayantilal, Directors, as relatives of Mr Ajeeth P Challani are concerned and interested in the resolution.

### ITEM NO.8

At the meeting of the Board of Directors held on 25<sup>th</sup> June, 2005, your Directors appointed Mr Mahendar A Challani as an Additional Director to hold office with effect from 1.08.2005 and pursuant to Article 11 of the Articles of Association of the Company and in terms of Section 260 of the Companies Act, 1956, he holds office of Additional Director upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice in writing with the requisite deposit from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr Mahendar A Challani for appointment as Director of the Company. Consent in writing has been received from him to act as a Director of the Company, if appointed.

Mr Mahendar A Challani is a graduate with MBA from Australia. He has 8 years of experience in hire purchase, leasing and automobiles business, besides interest in real estate.

The Directors commend the resolution for acceptance by the members.

M/s Padam J Challani, R J Anandmul and R J Jayantilal, Directors of the Company are concerned or interested in the resolution.

### ITEM NO.9

Mr Mahendar A Challani was appointed as Executive Director of the Company for a period of 5 years from 01.08.2005 to 31.07.2010 at the meeting of the Board of Directors held on 25<sup>th</sup> June, 2005. On the basis of the Remuneration Committee's recommendation, his remuneration was fixed at Rs.15,000 per month. As per the requirements of Section 269, read with Schedule XIII of the Companies Act, 1956, the appointment and the remuneration payable to him has to be approved by the shareholders in the general meeting by passing a resolution.

Hence, the resolution at Item No.9 is placed before you for your approval as an ordinary resolution.

M/s Padam J Challani, R J Anandmul and R J Jayantilal, Directors of the Company are concerned or interested in the resolution.

#### Registered Office

No.15, New Giri Road  
T. Nagar, Chennai - 600 017  
25th June, 2005

By Order of the Board  
For **INDO ASIAN FINANCE LTD**

**PADAM J CHALLANI**  
Chairman



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### Information on Directors seeking re-appointment at this Annual General Meeting

Name	<b>Padam J Challani</b>	<b>R.J. Jayantilal</b>	<b>M. Kishanchand</b>	<b>Mahendar A Challani</b>
<b>Date of Birth &amp; Age</b>	10/01/1955 50 years	14/11/1961 43 years	12/01/1961 44 years	18/04/1978 27 years
<b>Appointed on</b>	17.04.1990	18.10.1990	29.09.1997	25.06.2005
<b>Qualification</b>	B.Sc.	M.A.	B.A.	B.Com., M.B.A.
<b>Expertise</b>	Mr. Padam J Challani is a graduate and comes from a family of financiers who are in the field of Hire Purchase and Leasing for the past 40 years. He is possessing practical experience of more that 30 years in the field of Hire Purchase and Leasing.	Mr. R.J. Jayantilal is a businessman connected with Real Estate Development and Jewellery. He is also possessing practical experience in financing of Trucks and Cars and Hire Purchase and Leasing. He has more than 20 years of experience in his field of activity.	Mr. Kishanchand is a businessman connected with Real Estate Development and Jewellery. He is also possessing practical experience in financing of Trucks and Cars and Hire Purchase and Leasing.	8 years of experience in financing of trucks and cars and Hire Purchase and Leasing, automobiles and real estate.
<b>Directorships held in other Public Companies</b>	Saravana Insulators Ltd Saravana Foundations Ltd Challani Estates Ltd	Saravana Foundations Ltd Challani Estates Ltd	—	Saravana Foundations Ltd
<b>Memberships/ Chairmanships of Committees across Public Companies</b>	—	Audit Committee Remuneration Committee Investors' Grievances Committee of Indo Asian Finance Ltd	Audit Committee Remuneration Committee Investors' Grievances Committee of Indo Asian Finance Ltd	—



## INDO ASIAN FINANCE LTD

### DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fifteenth Annual Report of your Company along with the audited financial statements for the year ended March 31, 2005. The report also includes the Management Discussion and Analysis Report in accordance with the guidelines on corporate governance.

The highlights of the financial results for the year 2004-2005 are as below:

	For the year ended 31.03.2005 (Rs.in lacs)	31.03.2004 (Rs. in lacs)
Income from operations	570.38	550.79
Other income	18.15	14.22
Total expenditure	460.46	438.84
Gross profit	128.07	126.17
Depreciation	12.08	9.82
Other non-cash expenses	5.31	2.61
Profit before tax	110.68	113.74
Provision for taxation:		
Current tax	30.08	27.76
Deferred tax	(10.49)	(16.67)
Profit after tax	91.10	102.65
Add: Surplus brought forward	6.97	0.16
Surplus available	98.07	102.81
<b>Appropriations:</b>		
- Transfer to General Reserve	40.00	0.00
- Transfer to Special Reserve	20.00	62.00
- Dividend	30.00	30.00
- Tax on distributed profits	3.84	3.84
Balance carried to Balance Sheet	4.15	6.97

### BUSINESS AND FUTURE PROSPECTS

During the year, the income of the Company had increased to Rs.588.53 lacs as compared to Rs.565.01 lacs achieved in the last year, registering an increase of 4.16%. However, profit after tax had declined to Rs.91.10 lacs due to higher provision for taxation vis a vis last year.

Net stock on hire had gone up to Rs.2192.25 lacs as at 31<sup>st</sup> March, 2005 as compared to Rs.1997.40 lacs as at 31<sup>st</sup> March, 2004.

It is expected that the road development program will continue over a long period and it is hoped that by 2010-12 the country will be networked both, through highways and inter





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connecting roads, with villages. The road development would give considerable impetus in demand for the vehicles, which in turn would push up the requirement of finance. Therefore, the fortune of your Company is expected to improve in the coming years.

### DIVIDEND

Your Directors recommend a dividend payment of 10% (Re.1.00 per equity share of Rs.10) for the year ended 31<sup>st</sup> March, 2005 subject to the approval of the shareholders in the ensuing Annual General Meeting.

### FINANCE

Your Company continues to enjoy BBB+ rating from CARE for fixed deposits. The total amount of fixed deposits with the Company as on 31<sup>st</sup> March, 2005 was Rs.269.76 lacs. There were four unclaimed deposits with an outstanding of Rs.88,400/-. On follow up all the four deposits have been renewed.

The Company has been consistently making efforts to reduce the cost of funds to augment profitability.

### DIRECTORS

M/s Padam J Challani, R J Jayantilal and Mr Kishanchand Jain retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Mr Mahendar A Challani was appointed as Additional Director of the Company to hold office as Executive Director with effect from 1<sup>st</sup> August, 2005 and a notice in writing with requisite deposit has been received by the Company from a member signifying his intention to propose Mr Mahendar A Challani for appointment as Director of the Company in the ensuing Annual General Meeting.

### STATUTORY STATEMENTS

The statement of information on technology absorption pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the activities of the Company.

During the year the Company's foreign exchange outgo was Rs.1,16,784 and foreign exchange earning was nil.

Particulars of employees in terms of requirement of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not enclosed as there are no employees who have been paid salary in excess of prescribed limits.

### AUDITORS

M/s Viswa Bala Associates, Chartered Accountants, Chennai, expressed their unwillingness to be re-appointed at the conclusion of the ensuing Annual General Meeting, in view of their other commitments. Hence, new Auditors are to be appointed. M/s A Krishnamoorthy & Co., a



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firm of Chartered Accountants expressed their willingness to be appointed as Auditors of the Company. The Company has received a special notice from a shareholder of the Company, in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment of M/s A Krishnamoorthy & Co. as the Statutory Auditors of the Company from the conclusion of this ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

- a) that the applicable accounting standards have been followed along with proper explanations wherever required in the preparation of annual accounts;
- b) that the Company has adopted prudent accounting policies;
- c) that proper care has been taken for maintenance of accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) that the annual accounts of the Company have been prepared on a going-concern basis.

### CORPORATE GOVERNANCE

A separate section on Corporate Governance forming part of the Directors' Report and the certificates from the Company's Auditors confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the listing agreement with the Stock Exchanges is included in the Annual Report.

### ACKNOWLEDGEMENTS

The Directors wish to convey their appreciation to all the Company's employees for their personal efforts as well as their collective contribution to the Company's growth. The Directors would also like to thank the shareholders, customers, bankers and all the other business associates for the continuous support given by them to the Company and their confidence reposed in its management.

For and on behalf of the Board

Chennai  
25th June, 2005

**PADAM J CHALLANI**  
Chairman